

**AUDITED  
BASIC FINANCIAL STATEMENTS**

**CITY OF GENEVA LOCAL DEVELOPMENT  
CORPORATION**

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**DECEMBER 31, 2014**

CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

Contents

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	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1-2
<b>Basic Financial Statements:</b>	
Statements of Net Position .....	3
Statements of Revenues, Expenses and Changes in Net Position.....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6-8
<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i></b> .....	9-10
Schedule of Findings and Responses .....	11
Summary Schedule of Prior Year Audit Findings .....	12



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the  
City Geneva Local Development Corporation  
Geneva, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Geneva Local Development Corporation (the Corporation) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2014 and 2013, and the changes in financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
March 27, 2015

**CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION**

**STATEMENTS OF NET POSITION  
FOR THE YEARS ENDED DECEMBER 31,**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS:</b>		
Cash	\$ 273,994	\$ 112,760
Land held for investment	26,689	26,689
Total assets	<u>300,683</u>	<u>139,449</u>
<b>LIABILITIES:</b>		
Accounts payable	<u>-</u>	<u>33,556</u>
<b>NET POSITION:</b>		
Unrestricted	300,683	105,893
<b>TOTAL LIABILITIES AND NET POSITION:</b>	<u>\$ 300,683</u>	<u>\$ 139,449</u>

See notes to the financial statements.

CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2014</u>	<u>2013</u>
<b>Operating revenues:</b>		
Fees - services	\$ 20,935	\$ -
Program Income	79,891	-
Corporate contributions	<u>107,713</u>	<u>-</u>
Total operating revenues	208,539	-
<b>Operating expenses:</b>		
Contractual expenses - 233 William Street	6,039	81,541
Supplies	1,394	-
Miscellaneous	6,745	3,060
Total operating expenses	<u>14,178</u>	<u>84,601</u>
Operating income (loss)	194,361	(84,601)
<b>Non-operating revenue:</b>		
Interest revenues	<u>429</u>	<u>483</u>
Change in net position	194,790	(84,118)
Net position - beginning of year	<u>105,893</u>	<u>190,011</u>
Net position - end of year	<u>\$ 300,683</u>	<u>\$ 105,893</u>

See notes to the financial statements.

CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Fees - services	\$ 20,935	\$ -
Program Income	79,891	-
Corporate Contributions	107,713	-
Contractual/legal expenses	(39,595)	(47,985)
Supplies	(1,394)	-
Miscellaneous	(6,745)	(3,060)
<b>Net cash provided (used) by operating activities</b>	<u>160,805</u>	<u>(51,045)</u>
<b>Cash flows from investing activities:</b>		
Interest income	429	483
Purchase of land held for investment	-	(26,689)
<b>Net cash provided (used) by investing activities</b>	<u>429</u>	<u>(26,206)</u>
<b>Net increase (decrease) in cash</b>	161,234	(77,251)
<b>Cash - beginning of year</b>	<u>112,760</u>	<u>190,011</u>
<b>Cash - end of year</b>	<u>\$ 273,994</u>	<u>\$ 112,760</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	\$ 194,361	\$ (84,601)
Adjustment to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Increase (decrease) in:		
Accounts payable	<u>(33,556)</u>	<u>33,556</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 160,805</u>	<u>\$ (51,045)</u>

See notes to the financial statements.

## CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Geneva Local Development Corporation (the Corporation) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Corporation's accounting policies are described below.

**Reporting Entity:** The City of Geneva Local Development Corporation (the Corporation) was formed under the Not-for-Profit Corporation Law of the State of New York for the purpose of creating employment opportunities, thereby improving the quality and condition of life in the City of Geneva, New York (the City). This is accomplished by encouraging and affecting the retention of existing business and industry, as well as encouraging the location and expansion of residential, commercial, industrial, and manufacturing facilities in the City. The Corporation is subject to the provisions of the New York State Public Authorities Law. As a local authority under this law, the Corporation is required to make certain information available to the public.

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing agency, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

**Basis of Presentation:** The Corporation's basic financial statements consist of three statements that provide information about the Corporation's activities. The first statement is the statement of net position which lists all of the Corporation's assets and liabilities, with the difference reported as net position. The second statement is the statement of revenues, expenses and changes in net position which details how the Corporation's net position changed during the current year based on the reporting of the revenues and expenses recognized by the Corporation. The third statement is the statement of cash flows which reports the activities that provide or use the cash of the Corporation.

**Income Taxes:** The Corporation is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the income realized will not be subject to New York State corporate franchise tax. The Corporation is no longer subject to Federal and New York State (the State) income tax examination for years prior to 2011.

**Net Position:** Net position is classified into three categories according to external donor restrictions or availability of assets for satisfaction of the Corporation's obligations. The Corporation's net position is classified as follows:

*Net Investment in Capital Assets:* This represents the Corporation's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The Corporation did not have any net position in this category at December 31, 2014 and 2013.

*Restricted Net Position:* This includes assets in which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The Corporation did not have any restricted net position as of December 31, 2014 and 2013.

*Unrestricted Net Position:* Unrestricted net position represents resources derived from operating revenue. These resources are used for transactions relating to the general operations of the Corporation, and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

## CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### A. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after March 27, 2015 which is the date these financial statements were available to be issued.

#### NOTE 2. DEPOSITS AND INVESTMENTS

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and municipalities and school districts.

**Investment and Deposit Policy:** The Corporation implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Board of Directors.

**Interest Rate Risk:** Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Corporation's investment and deposit policy authorizes it to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. All deposits of the Corporation including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The Corporation restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

**CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3. LAND HELD FOR INVESTMENT**

The Corporation had an asset of land that is being held for future development in the amount of \$26,689 at December 31, 2014 and 2013. This investment represents the Corporation's share of joint venture between the Corporation, City of Geneva Industrial Development Agency and City of Geneva.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
City of Geneva Local Development Corporation  
Geneva, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Geneva Local Development Corporation (the Corporation), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 27, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
March 27, 2015

**CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**I. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were not financial statement findings noted in the current year.

**CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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**II. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were not financial statement findings noted in the prior year.